

#### Asset Allocation themes<sup>1</sup>

Asset class	Change	New AA
Australian Equities	1.7	20.1%
International Equities	—	64.6%
Property & Infrastructure	—	0.8%
Australian Bonds	—	6.1%
International Bonds	—	0.8%
Alternatives/Other	—	5.1%
Cash	-1.7	2.5%

#### Growth vs Defensive splits<sup>1</sup>

Assets	Change	New Split
Growth	1.7	88.1%
Defensive	-1.7	11.9%

<sup>1</sup> May not sum to 100.0% due to rounding.  
Morningstar Investment Management considers Alternatives/Other to be 50% Growth / 50% Defensive assets.

#### About Morningstar Investment Management Australia

Morningstar Investment Management Australia is a global leader in asset allocation and multi-asset portfolio construction.

Morningstar's long-term, valuation-driven approach is underpinned by an emphasis on preserving capital and undertaking analysis of global asset classes and securities. We invest with the client in mind, delivering holistic and cost-effective investment solutions, helping them to meet their investment goals.

#### At a glance ....

- Inflation (and interest rate) expectations have softened in recent weeks, amid a pullback in the oil price, with nascent talk of improving global supply chains further boosting hopes that the worst of the inflationary threat may have passed.
- Portfolio cash levels have ticked up of late, with the payment of a number of distributions, following the end of the financial year. Despite rallying off recent lows, select Australian shares continue to appeal, and we have increased our weighting accordingly.

#### Portfolio action

We have increased our allocation to Australian shares (notably to smaller and medium-sized companies), which we have funded from cash.

Security	Security/ APIR Code	Current Weighting	New Weighting	Increase / Decrease <sup>2</sup>
<b>Australian Equities</b>		18.4%	20.1%	1.7%
Morningstar Australian Shares Fund	INT0002AU	3.8%	5.5%	1.7%
<b>Cash</b>		4.2%	2.5%	-1.7%
Platform Cash	CASH_AUD	4.2%	2.5%	-1.7%

<sup>2</sup> May not sum due to rounding.

#### Rationale

Global share and bond markets have rallied off their recent lows, boosted by a pullback in the oil price, which has served to dampen previously surging inflation and interest rate expectations. While this has come as a welcome relief to investors (and, no doubt, households) after a volatile start to 2022, it remains a challenging investment environment; one characterised by swift moves in sentiment in response to the ever-changing global outlook. Nonetheless, the portfolio's weighting to growth and defensive assets continues to be broadly in line with its target long term asset allocation, with the current environment providing opportunities for nimble, long-term focused investors like ourselves. In this regard, cash levels have risen of late, as a consequence of the payment of a number of distributions, following the end of the financial year. This leads us to top up our investment in select Australian shares, which still appear reasonably priced, on our analysis.

## Portfolio Post Changes

Security	Security/APIR Code	GICS Industry Group	New Weighting <sup>3</sup>
<b>Australian Equities</b>			<b>20.1%</b>
Brambles Limited	BXB-AU	Industrials	2.6%
Woodside Energy Group Limited	WDS-AU	Energy	1.6%
CSL Limited	CSL-AU	Pharmaceuticals, Biotechnology & Life Sciences	1.6%
Westpac Banking Corporation Limited	WBC-AU	Financials	1.6%
Medibank Private Limited	MPL-AU	Financials	1.5%
Insurance Australia Group Limited	IAG-AU	Financials	1.3%
Resmed Inc.	RMD-AU	Health Care Equipment & Services	1.1%
Commonwealth Bank of Australia Limited	CBA-AU	Financials	1.0%
Amcor PLC	AMC-AU	Materials	0.9%
Newcrest Mining Limited	NCM-AU	Materials	0.9%
BHP Group Limited	BHP-AU	Materials	0.6%
Morningstar Australian Shares Fund	INT0002AU		5.5%
<b>International Equities</b>			<b>64.6%</b>
Morningstar International Shares Fund	INT0017AU		11.9%
BetaShares FTSE 100 ETF	F100-AU		8.3%
iShares Core MSCI World (Ex Australia) ESG Leaders ETF	IWLD-AU		7.0%
iShares MSCI Japan ETF	IJP-AU		7.0%
Morningstar International Shares Fund (AUD Hedged)	INT0016AU		6.5%
Morningstar International Shares Active ETF	MSTR-AU		4.8%
iShares China Large-Cap ETF	IZZ-AU		3.9%
BetaShares Global Energy Companies ETF (AUD Hedged)	FUEL-AU		3.6%
iShares Europe ETF	IEU-AU		3.5%
iShares MSCI South Korea ETF	IKO-AU		2.7%
Vanguard FTSE Europe Shares ETF	VEQ-AU		2.6%
Vanguard FTSE Emerging Markets Shares ETF	VGE-AU		2.1%
iShares MSCI Emerging Markets ETF	IEM-AU		0.7%
<b>Property &amp; Infrastructure</b>			<b>0.8%</b>
GPT Group	GPT-AU		0.8%
<b>Australian Bonds</b>			<b>6.1%</b>
iShares Core Composite Bond ETF	IAF-AU		6.1%
<b>International Bonds</b>			<b>0.8%</b>
Morningstar International Bonds Fund	INT0082AU		0.8%
<i>BNY Mellon Global Aggregate Bonds</i>			
<i>Colchester Global Sovereign Bonds</i>			
<i>Ashmore Emerging Market Bonds</i>			
<b>Alternatives/Other</b>			<b>5.1%</b>
Morningstar Multi Asset Real Return Fund	INT0011AU		5.1%
<b>Cash</b>			<b>2.5%</b>
Platform Cash	CASH_AUD		2.5%
<b>Total</b>			<b>100.0%</b>

<sup>3</sup> May not sum to 100.0% due to rounding.

**For financial adviser use only**

This document is issued by Morningstar Investment Management Australia Limited (ABN 54 071 808 501, AFS Licence No. 228986) ('Morningstar'). Morningstar is the Responsible Entity and issuer of interests in the Morningstar investment funds referred to in this report.

© Copyright of this document is owned by Morningstar and any related bodies corporate that are involved in the document's creation. As such the document, or any part of it, should not be copied, reproduced, scanned or embodied in any other document or distributed to another party without the prior written consent of Morningstar. The information provided is for general use only.

In compiling this document, Morningstar has relied on information and data supplied by third parties including information providers (such as Standard and Poor's, MSCI, Barclays, FTSE). Whilst all reasonable care has been taken to ensure the accuracy of information provided, neither Morningstar nor its third parties accept responsibility for any inaccuracy or for investment decisions or any other actions taken by any person on the basis or context of the information included.

Past performance is not a reliable indicator of future performance. Morningstar does not guarantee the performance of any investment or the return of capital. Morningstar warns that (a) Morningstar has not considered any individual person's objectives, financial situation or particular needs, and (b) individuals should seek advice and consider whether the advice is appropriate in light of their goals, objectives and current situation. Refer to our Financial Services Guide (FSG) for more information at [morningstarinvestments.com.au/fsg](https://www.morningstarinvestments.com.au/fsg).

Before making any decision about whether to invest in a financial product, individuals should obtain and consider the disclosure document. For a copy of the relevant disclosure document, please contact our Adviser Solutions Team on 1800 951 999.

## Our investment principles



We put investors first



We're independent-minded



We invest for the long term



We're valuation-driven investors



We take a fundamental approach



We strive to minimise costs



We build portfolios holistically